

## § 120.453

real estate construction purposes to the Borrower which was approved by the Lender within 90 days of receipt of the issuance of a subsequent PLP loan number.

(3) SBA will not guarantee more than the specified statutory percentage of any PLP loan.

(b) A PLP Lender notifies SBA of its approval of a PLP loan by submitting to SBA's loan processing center appropriate documentation signed by two of the PLP's authorized representatives. SBA will attach the SBA guarantee and notify the PLP Lender of the SBA loan number (if it does not identify a problem with eligibility, and funds are available).

(c) The PLP Lender is responsible for all PLP loan decisions regarding eligibility (including size) and creditworthiness. The PLP Lender is also responsible for confirming that all PLP loan closing decisions are correct, and that it has complied with all requirements of law and SBA regulations.

### **§ 120.453 What are the requirements of a PLP Lender in servicing and liquidating SBA guaranteed loans?**

The PLP Lender must service and liquidate its SBA guaranteed loan portfolio (including its non-PLP loans) using generally accepted commercial banking standards employed by prudent lenders. The PLP Lender must liquidate any defaulted SBA guaranteed loan in its portfolio unless SBA advises in writing that SBA will liquidate the loan. The PLP Lender must submit a liquidation plan to SBA prior to commencing liquidation action. The PLP Lender may take any necessary servicing action, or liquidation action consistent with a plan, for any SBA guaranteed loan in its portfolio, except it may not:

(a) Take any action that confers a Preference on the Lender; and

(b) Accept a compromise settlement without prior written SBA consent.

[61 FR 3235, Jan. 31, 1996, as amended at 64 FR 6510, Feb. 10, 1999]

### **§ 120.454 PLP performance review.**

SBA may review the performance of a PLP Lender. SBA may charge the PLP Lender a fee to cover the costs of this review.

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### **§ 120.455 Suspension or revocation of PLP status.**

The AA/FA may suspend or revoke PLP status upon written notice providing the reasons at least 10 business days prior to the effective date of the suspension or revocation. Reasons for suspension or revocation may include loan performance unacceptable to SBA, failure to make the required number of loans under the expedited procedures, or violations of applicable statutes, regulations or published SBA policies and procedures. A PLP Lender may appeal the suspension or revocation made under this section under procedures found in part 134 of this chapter. The action of the AA/FA remains in effect pending resolution of the appeal.

## **SMALL BUSINESS LENDING COMPANIES (SBLC)**

### **§ 120.470 What is an SBLC?**

A Small Business Lending Company (SBLC) is a nondepository lending institution licensed by SBA. SBA supervises, examines, and regulates SBLCs. An SBLC is subject to all applicable SBA regulations, including those governing Lenders. SBA has imposed a moratorium on licensing new SBLCs since January, 1982.

(a) An SBLC may only make:

(1) Loans under section 7(a) (except section 7(a)(13)) of the Act in participation with SBA; and/or

(2) SBA guaranteed loans to micro-lenders in the SBA Microloan program (see subpart G of this part). Such loans are subject to the same conditions as guaranteed loans made to SBA-designated microlenders by SBA participating Lenders.

(b) In addition to complying with §§ 120.400 through 120.413, an SBLC must meet the following requirements:

(1) *Business structure.* It must be a corporation (profit or non-profit).

(2) *Written agreement.* It must sign a written agreement with SBA.

(3) *Capital structure.* It must have unencumbered paid-in capital and paid-in surplus of at least \$1,000,000, or ten percent of the aggregate of its share of all outstanding loans, whichever is more.